

# House Study Bill 24 - Introduced

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON JUDICIARY BILL BY  
CHAIRPERSON BALTIMORE)

## A BILL FOR

1 An Act relating to certain fees charged in connection with  
2 vehicle rental agreements and making penalties applicable.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 516D.3, subsection 6, Code 2015, is  
2 amended to read as follows:

3 6. "*Mandatory charge*" means any charge, fee differential, or  
4 surcharge that ~~all or~~ a majority of customers must pay ~~in order~~  
5 to obtain or operate a rental vehicle ~~except as follows~~ other  
6 than any of the following:

7 a. ~~"Mandatory charge" does not include an~~ An airport-imposed  
8 fee if the existence and amount of the fee are clearly and  
9 conspicuously disclosed immediately adjacent to any advertised  
10 rental price. The customer must be informed of the amount of  
11 the fee when the reservation is made. When an advertisement  
12 encompasses more than one rental location, the fee may be  
13 expressed as the maximum fee or range of fees.

14 b. ~~"Mandatory charge" does not include~~ Any taxes imposed  
15 directly upon the rental transaction by an authorized taxing  
16 authority.

17 c. ~~"Mandatory charge" does not include mileage~~ Mileage fees  
18 as long as the existence of any mileage limitation and cost per  
19 mile for excess mileage is clearly and conspicuously disclosed  
20 immediately adjacent to the advertised price.

21 d. A vehicle license recovery fee if the existence and  
22 amount of the fee are clearly and conspicuously disclosed  
23 immediately adjacent to any advertised rental price. The  
24 customer must be informed of the amount of the fee when the  
25 reservation is made.

26 Sec. 2. Section 516D.3, Code 2015, is amended by adding the  
27 following new subsection:

28 NEW SUBSECTION. 12. "*Vehicle license recovery fee*" means a  
29 charge that may be separately stated on a rental transaction  
30 originating in this state to recover costs the rental company  
31 incurs in this state to license, title, register, and plate  
32 rental vehicles.

33 Sec. 3. NEW SECTION. 516D.6A **Vehicle license recovery fee.**

34 1. If a rental company includes a vehicle license recovery  
35 fee as a separately stated charge in a rental transaction, the

1 amount of the fee shall be equal to, subject to any adjustment  
2 under subsection 2, the rental company's good-faith estimate  
3 of the rental company's annual average per vehicle cost to  
4 license, title, register, and plate rental vehicles in this  
5 state.

6 2. If the total amount of the vehicle license recovery  
7 fees a rental company collects in a calendar year exceeds the  
8 rental company's actual costs to license, title, register, and  
9 plate rental vehicles in this state for that calendar year,  
10 the rental company shall retain the excess amount. However,  
11 the rental company shall calculate the amount of the following  
12 year's vehicle license recovery fee in the same manner as  
13 provided in subsection 1, except that an amount equal to the  
14 excess amount retained shall be subtracted from the rental  
15 company's good-faith estimate of the total annual costs to  
16 license, title, register, and plate rental vehicles in this  
17 state.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with  
20 the explanation's substance by the members of the general assembly.

21 This bill relates to fees vehicle rental companies charge to  
22 recover costs incurred to license, title, register, or plate  
23 rental vehicles in Iowa, and makes penalties applicable.

24 The bill defines "vehicle license recovery fee" as a  
25 charge that may be separately stated on a rental transaction  
26 originating in this state to recover costs the rental company  
27 incurs in this state to license, title, register, and plate  
28 rental vehicles.

29 Rental companies may charge a vehicle license recovery fee  
30 that is equal to the rental company's good-faith estimate of  
31 the per vehicle cost to the rental company to license, title,  
32 register, and plate rental vehicles in Iowa. The bill provides  
33 that if the total amount of vehicle license recovery fees a  
34 rental company collects exceeds the amount it actually spent to  
35 license, title, register, and plate rental vehicles, the rental

1 company shall keep the excess amount and adjust the vehicle  
2 license recovery fee for the following year by a corresponding  
3 amount.

4 The bill provides that the vehicle license recovery fee  
5 is not a mandatory charge that must be included in a rental  
6 company's advertisement or quote if such fee is clearly  
7 disclosed next to the advertised rental price.

8 Pursuant to Code section 516D.9, any violation of the  
9 provisions of the bill is an unlawful practice under Code  
10 section 714.16(2)(a). Code section 714.16 permits the attorney  
11 general to investigate a person the attorney general believes  
12 is engaged in an unlawful practice and to seek and obtain  
13 injunctive relief against a person who is engaged in an  
14 unlawful practice, and for a court to impose a civil penalty  
15 against a person who committed an unlawful practice.